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Approved For Release 2005/05/20 : CIA-RDP78B04770A001600010031-1

4 APR 66

MEMORANDUM FOR THE RECORD

SUBJECT: [REDACTED]
(Printer No. 1)

1. On 29 March 1966 the undersigned together with [REDACTED]
[REDACTED]
GIMRADA, proceeded to [REDACTED]
[REDACTED] The Contractor's negotiating group was headed by
[REDACTED] Vice President and Manager, Information Systems,
[REDACTED]

2. The meeting was set up at the request of GIMRADA to discuss funding required to complete Printer No. 1. The Contractor also wished to discuss Printer No. 2 but in a meeting at NPIC held 28 March 1966 it was decided that the Stop-Work order should remain in effect until a further examination of the problems involved in completion could be made by P&DS.

3. The Contractor's projected costs for completion of Printer No. 1 were as follows:

Change in Scope Cost -----	[REDACTED]
Overrun Cost -----	
Total -----	

The GIMRADA representatives accepted the cost figures as an overrun but did not agree that a change in scope was involved.

4. As a compromise solution the Contractor agreed to accept all costs as an overrun if the minimum fee, as applied to Printer No. 1 costs, could be increased from 6% to 6.7%. The GIMRADA representatives did not agree that any additional fee should be negotiated. The negotiator and the NPIC Technical Representative also took the position that in accepting all the cost increases GIMRADA had made a concession and that no increase over the minimum fee was warranted.

Declass Review by NGA.

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GROUP 1
Excluded from automatic
downgrading and
declassification

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25X1 SUBJECT: [REDACTED]
(Printer No. 1)

25X1 5. [REDACTED] finally made a decision on the part of the
25X1 Management to accept all costs as an overrun without any increase
25X1 in fee. (It should be noted that inasmuch as the current overhead
for [REDACTED] group is:

R&D ----- 293%
Quality Control- 114.3%
G&A ----- 16%

and the contract negotiated ceiling rates are:

R&D ----- 175%
Quality Control- 110%
G&A ----- 10%

while the actual bidding and billing rates used by the Contractor are:

R&D ----- 150%
Quality Control- 100%
G&A ----- 7%

the Contractor is in the position of performing on a cost-sharing
basis and the longer the contract continues the larger an actual
loss will accumulate).

[REDACTED]
Contracting Officer

Distribution:

- Original - PD File
- 1 - Req. Office/NPIC
- 1 - P&DS/NPIC
- 1 - NPIC Chrono

25X1 LB/SS/NPIC: [REDACTED] 4 Apr 66)

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